

# OMERS

member news

NUMBER 82 • SPRING • 2008

**3**  
OMERS Joint  
Protocol on costs  
upheld

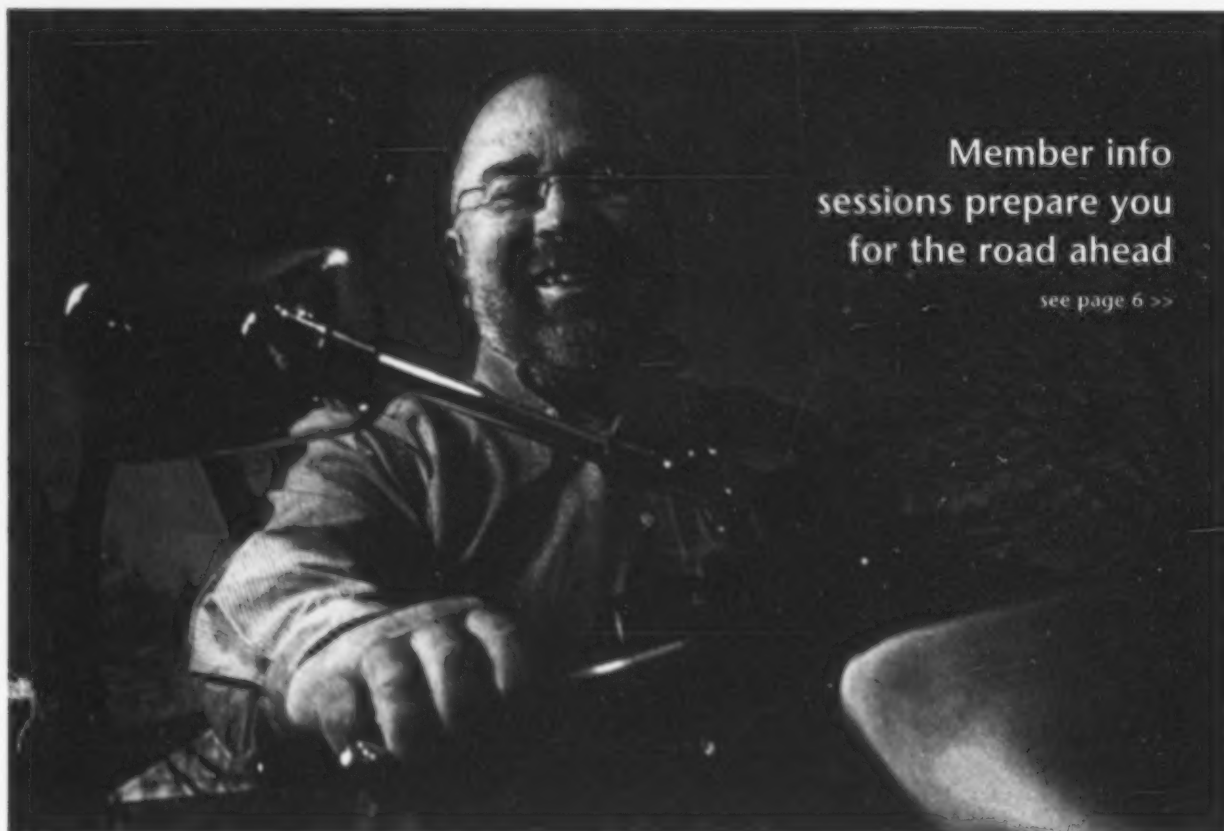
**4**  
Oxford reaches  
high Watermark  
in UK

**5**  
Surveys help  
OMERS improve  
service

**6**  
Plan ahead for  
retirement

**7**  
TFSA: new  
savings vehicle

**8**  
Member  
information  
sessions



Member info  
sessions prepare you  
for the road ahead

see page 6 >>

## Strong year for OMERS investments

A fifth straight year of great investment performance pushed the OMERS Fund to \$51.5 billion. In a year remembered for turbulent public markets, OMERS generated a solid and industry-leading 8.7% total rate of return in 2007 – beating the benchmark return of 5.6%. As in previous years, this top-quartile return is due to the expertise of OMERS investment teams and

*Continued on page 2*

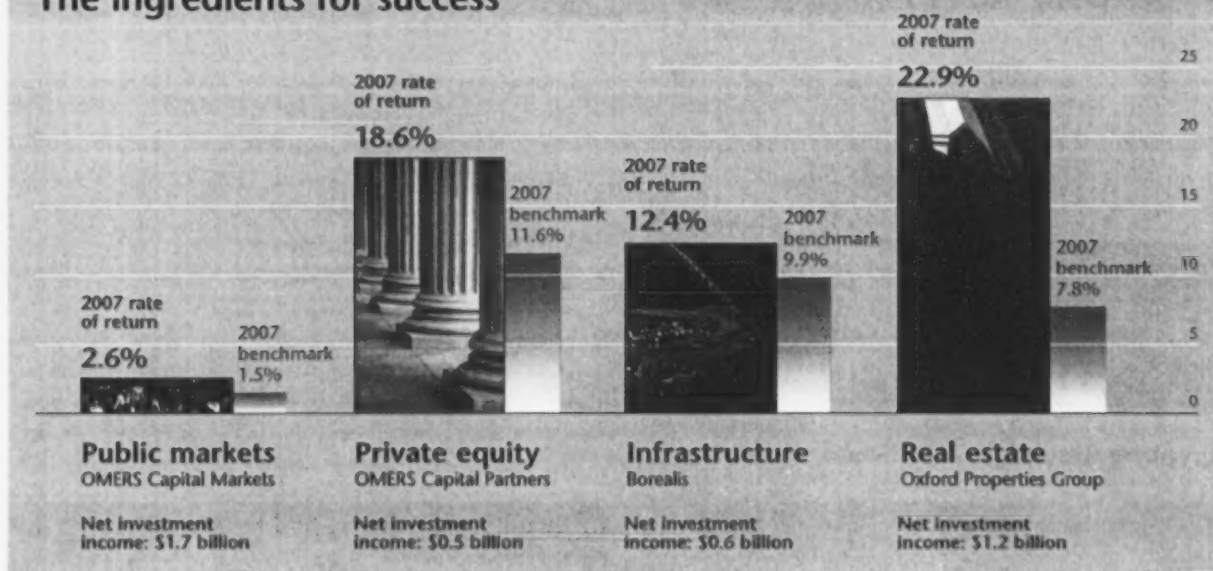
OMERS member, Lawrence Webb

**OMERS**

Plan for the Future

An OMERS pension will provide you with retirement income for life and includes inflation protection, early retirement options and survivor and disability benefits. Member News keeps more than 242,000 members up to date on plan news and benefits.

## The ingredients for success



Continued from page 1

"the successful execution of our active management investment strategy," said John Sabo, Chair of the Board of Directors of the OMERS Administration Corporation.

OMERS developing asset-mix strategy balances private and public investments to achieve stable returns while managing risk. In 2007, each of our four investment divisions outperformed their 2007 benchmarks and added to the value of the OMERS Fund (Primary Plan and RCA).

**OMERS Capital Markets**, the public markets division, generated a gross annual return of 2.6% (benchmark: 1.5%), which resulted in net investment income of \$1.7 billion. This success was achieved in a difficult year, and was partly due to the wise decision not to hold any third-party, asset-backed commercial paper.

Our private equity division, **OMERS Capital Partners**, generated a gross annual return of 18.6% (benchmark: 11.6%). This achievement netted investment income of \$0.5 billion, which bodes well for the future, as we continue to increase

our exposure in this investment class.

**Borealis**, our infrastructure arm, generated a gross annual return of 12.4% (benchmark: 9.9%). This translated into net investment income of \$0.6 billion.

Our top annual percentage return was delivered by our real estate arm. **Oxford Properties Group** generated a gross annual return of 22.9% (benchmark: 7.8%) and net investment income of \$1.2 billion.

### Funding status

After income credited to administered funds of \$0.1 billion, OMERS investments added over \$3.9 billion in net investment income to the OMERS Fund in 2007. As at December 31, 2007, the OMERS Fund stood at \$51.5 billion in net assets. This exceptional performance, combined with the results from the previous four years, has eliminated the funding deficit in the OMERS Primary Pension Plan and returned it to fully funded status, with a surplus of \$0.1 billion.

In 2007, OMERS received \$1.9 billion

in contributions and paid out \$1.8 billion total benefit payments. We expect that 2008 will be the first year in OMERS history (except during the contribution holiday) where total contributions will be less than total benefit payments. This highlights the importance of OMERS investment performance in providing sufficient funds to meet the costs of our growing number of retirees. It also focuses attention on the legislative constraints that limit OMERS ability and flexibility to meet these pension commitments.

"We performed extremely well in 2007, and we will increasingly rely on strong investment returns to pay secure, inflation-protected pensions to our members," said OMERS President and CEO, Michael Nobrega. "This is why OMERS urgently needs the Ontario government to lift unfair investment restrictions on pension funds – so that we can have greater access and control over our investments to ensure stable, long-term cash returns to meet the increasing needs of our membership."

# Court upholds OMERS Joint Protocol on costs

The Ontario Superior Court of Justice has upheld a Joint Protocol reached between the OMERS Administration Corporation (AC) and the OMERS Sponsors Corporation (SC). The protocol provides for:

- the reimbursement of certain SC costs from the OMERS pension plans; and
- technical and administrative support for the SC, provided by the AC.

The decision of the Honourable Mr. Justice Archibald was released on February 6, 2008.

The SC was established under the *OMERS Act, 2006* to make decisions on plan changes and contribution rates as well as when to file the actuarial valuation. This role was formerly the responsibility of the Ontario Government. The

AC retains the responsibility for investments and administration of the OMERS pension plans.

The SC and AC worked together to seek a court decision on which SC costs may be lawfully reimbursed by the OMERS pension plans – and the types of support that can be provided by the AC to the SC.

For example, it was recommended that SC costs related to administrative support and the use of facilities be paid out of the OMERS pension plans. Details of expenses and support were set out in a Joint Protocol document.

"We are pleased that the court acknowledged the unique governance structure of OMERS and concluded that the Joint Protocol is legally valid and consistent with the overall purpose of


the *OMERS Act, 2006*," said Audrey Mak, Vice President, Legal, Pensions.

"This important decision provides a sound basis for the OMERS SC to pursue its role in making decisions on plan design and contributions," said SC Co-Chair Marianne Love.

SC Co-Chair Brian O'Keefe agreed: "We're pleased that the judge found the protocol for expenses and support to be appropriate and aligned with good governance of the pension plan."

A notice regarding the court application was distributed to OMERS stakeholders, members, retirees, and employers in fall 2007. The court application was heard in January.

For more information – including a copy of the court decision and Joint Protocol – visit [www.omers.com](http://www.omers.com).



"Retirement is a big decision. OMERS offers great services to help me through the process."

## Ready to Retire?

Check out the "Getting Ready to Retire?" section on the OMERS web site to learn about the process and how OMERS can help you. You can also learn about early retirement options and hear from other OMERS members about their retirement planning.

## Join us at meetings across Ontario

Attend one of our meetings to learn more about the key features of your OMERS pension including early retirement options, inflation protection and survivor benefits. Refer to the meeting schedule in this newsletter to find out the details for the next session nearest you.

## Get the big picture of your retirement income

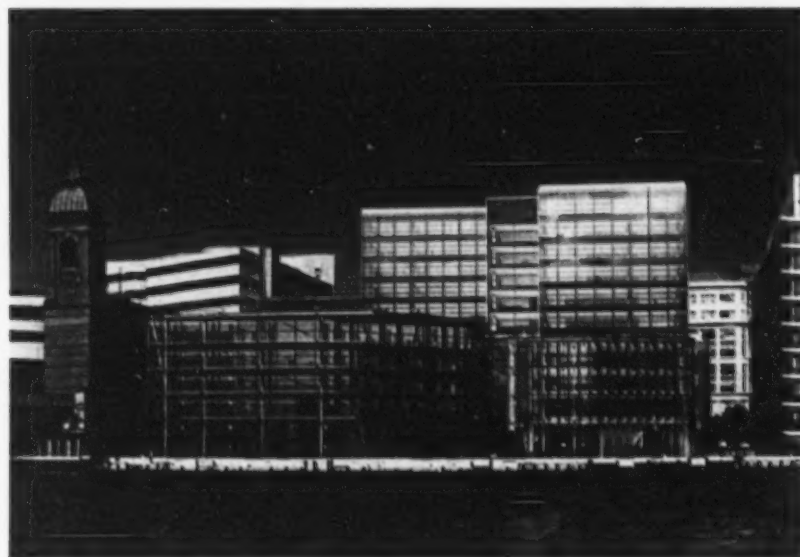
Use the Retirement Income Estimator on the OMERS website to find out how your OMERS pension fits into the big picture of retirement income, including government benefits and personal savings.

## Looking at a retirement date?

Call Client Services to obtain a detailed estimate indicating your future OMERS pension.

To find out how OMERS can help you get ready to retire, visit [www.omers.com](http://www.omers.com) or call OMERS Client Services at 416-369-2444 or 1-800-387-0813.

## Oxford reaches a high Watermark in the UK



Oxford Properties Group is one of North America's leading commercial real estate firms. It is also OMERS real estate investment arm. OMERS *Member News* recently met with Christopher Voutsinas, Executive Vice President, Oxford Properties Group, to learn more about this OMERS investment division and its Watermark Place project in London, England.

### What's special about Watermark Place?

Where to begin? The site is located on the north bank of the Thames in London's financial district. The building design is not just beautiful, but state of the art and very green. It will have 530,000 square feet of floor space, spread over 11 floors. This means that each floor has a lot of space flexibility, which makes the building perfect for larger banking and investment firms. It will also feature a beautiful façade with wooden columns imported

from Canada, and it will share an integrated waterfront promenade with adjacent buildings.

### How did this venture begin?

We had been looking at the London market for about two years. Oxford's aim is to diversify globally, and to do this, you really need a foothold in London. It's the doorway to Europe, it has a very liquid, transparent and robust market, and London is the financial capital of the world.

We had decided that the best move would be to do a joint venture on a new development. The UK is expensive, and working with a partner on a new project would give us the best potential returns, while managing risk.

### Who is your partner?

UBS Global Asset Management. They had the perfect package in place already. They had acquired the site, they had designed the building, and they would handle the demolition of the existing building on the site. What they needed was a like-minded partner who would share the costs of the construction and building management, and actually take responsibility for developing the project.

### Did you have to bid on the project?

No. We submitted our proposal for the joint venture; there was no actual bidding. UBS had set a price for the partnership, so we weren't competing



Christopher Voutsinas, Executive Vice President, Oxford Properties Group



on price. The winner would be chosen solely on their ability to meet UBS's requirements for the project, and on UBS's preference for the best partner.

#### **So, why did UBS decide to go with Oxford?**

Two reasons: our reputation and our experience. We are one of the largest and most knowledgeable property owners, managers and investors in Canada and we are part of the OMERS family.

We also know the UK marketplace and we were very proactive and responsive to all of UBS's needs. We actually beat world-class local and international competitors who were also in the running. It was a bit of a surprise to some, but we were delighted with the result.

#### **Where do things stand now?**

Watermark Place is on time and on budget, we're meeting with prospective tenants, and we're set to open in the

third quarter of 2009.

This project is an important step in expanding our global investment platform. Ultimately, Oxford aims to have its portfolio split 50% inside and 50% outside Canada. We'll achieve this through both investing in new projects and rebalancing some of our existing assets. Incidentally, we're also planning to open an office in London – to serve as a base as we further expand into the European market.

## Survey says...

Customer service is more a quest than a goal. As such, it's the never-ending attempt to meet and exceed your customers' needs that defines your commitment to the process. At OMERS, we continually strive to improve our customer service.

To keep track of our progress, we survey our members and employers.

In the most recent survey (fourth quarter, 2007), Leger Marketing conducted telephone interviews with randomly selected OMERS active and retired members, as well as employers. This is what we learned from the 345 members interviewed.

#### **The results**

- Ninety per cent of members were satisfied with OMERS overall service.
- Amongst members who have had a transaction with OMERS (upon leaving their employer or retiring, for example), 90% of members were satisfied with the process, and over 90% were satisfied with the timelines of their transaction.
- Nearly all respondents were satisfied with the written materials they received.

- More than 80% of members said they received all the information they need, and that it was accurate, clear and easy to understand. The majority of those who weren't satisfied said our print materials could be easier to understand.
- Satisfaction with our Call Centre representatives was extremely high. Over 90% of members agreed that our staff responded promptly, were polite and courteous, and were knowledgeable.

#### **Areas of improvement?**

While a good report card affirms the work you've already done, it is constructive comments that help you to focus your efforts to improve further.

Some respondents said they would like more and better information from OMERS. They would also appreciate increased personal contact. We will



## *Constructive comments help OMERS to improve*

continue to strive to improve all aspects of our customer service in future, from the way we take your call to the way we communicate in writing – on paper and through our web site.

In the meantime, if you have any comments or suggestions, please contact OMERS Client Services (see the back page for our contact information). After all, communication is a two-way street.

# Start planning ahead for retirement

OMERS can help lay the groundwork for tomorrow

Lawrence Webb has worked in the Public Works Department for the City of Windsor since 1980. He's within six years of retirement and didn't want to leave all the details to the last minute, so he decided to attend an OMERS member information session.

"I left the session with a better understanding of my OMERS pension plan, the survivor benefits, how to collect your CPP at age 60, and the importance of buying back service time," he said. "I feel confident that OMERS is strong and my pension is secure."

When asked about his retirement planning, Lawrence said, "Start your retirement planning early. Attend

an OMERS session as soon as you have the opportunity to do so – even if you're a new member in the plan, because you'll be amazed how quickly 25, 30 or 35 years passes by.

"Also, keep in mind that planning for retirement involves looking at your lifestyle as well as financial obligations. For example, I have my daughter's post-secondary education to factor into my planning," he added.

**We bring the plan to you**  
OMERS Presentations Team tours the province, bringing the OMERS pension plans to you. Last year, our team met with about 13,000 active and retired members, as well as employers. We

provide information on all aspects of the OMERS pension plans, including retirement options, inflation protection and survivor benefits.

"These sessions are an important part of our overall communications program for OMERS members," explained Ian Kinross, Manager, Pension Communications. "There's no substitute for having someone explain the OMERS pension plan and its benefits live and in person."

Do our information sessions help? Helen Harela, Co-Chair of the Secondary School Office Administrators' Association thinks so. "Communications Officer, Dev Tandon was amazing. Our membership really enjoyed the presentation. He made the OMERS pension plan very understandable – the way he enlightened us about all the features, it was a very informative session, and he did it in a very entertaining manner. We thought he was an excellent speaker."

#### Attend a session

Check the last page of this newsletter for a list of dates and places where you can find one of our sessions. We hope to see you there. After all, retirement planning starts with you.

How do you want your retirement to look?



*"I feel confident that  
OMERS is strong and my  
pension is secure."*

# A new way to spell savings: TFSA

The 2008 federal budget proposed a new savings vehicle for Canadians to begin in 2009: the tax-free savings account (TFSA). For now, TFSAs are just a proposal; they will not take effect until they are passed into legislation.

Although similar to RRSPs, TFSAs would have different limits and restrictions and could help towards achieving your financial goals.

## The 2008 budget's proposal for TFSAs

- All Canadian residents age 18 or older would be able to contribute.
- The maximum you could contribute

each year would be \$5,000 (this will be indexed), and you would be able to carry any excess room forward to the next year.

- Contributions you make to a TFSA would not be tax deductible (unlike with an RRSP).
- Any withdrawals you make would not be taxed (unlike with an RRSP). And, any amount you withdraw would be added back to your room, allowing more contributions in the future.
- Also, capital gains and any investment income you earn in your TFSA would not be taxed.

- You would be allowed to contribute to your spouse's TFSA – to take advantage of any unused room they might have.
- Upon death, your TFSA assets would be transferable to your spouse.

## Right for you?

Although not yet available, TFSAs are proposed as a new way for Canadians to save money. In the meantime, if you'd like more information, contact your banking institution or a qualified financial advisor.

## Mumble Jumble (unscramble the orange letters to get the final answer)

R N T S R U E

\_\_\_\_\_

R S E T C U Y I

\_\_\_\_\_

S I E O N N P

\_\_\_\_\_

M M E R E B

\_\_\_\_\_

M N C E O I

\_\_\_\_\_

N T C R T O I E O P

\_\_\_\_\_

E E G R N A U T D A

\_\_\_\_\_

N N T L F I A O I

\_\_\_\_\_

W C T O R H

\_\_\_\_\_

**FINAL ANSWER** (will appear in next issue of *Member News*):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## MEMBER INFORMATION SESSION SCHEDULE

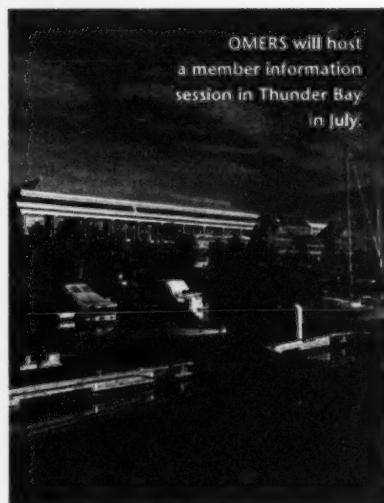
# Plan for your future – with OMERS

Learn about your pension at an OMERS member information session. The sessions are fun and informative, and free of charge. Topics include early retirement options, inflation protection and survivor benefits.

Information sessions scheduled for June to December 2008 (5:30 to 7:30 p.m.)

Date	Location
June 11	<b>New Liskeard</b> Quality Inn (Francesco's), 998009 Hwy 11
July 16	<b>Thunder Bay</b> Best Western Nor'Wester Resort Hotel, 2080 Hwy #61
August 13	<b>London</b> London Convention Centre, 300 York Street
September 17	<b>Brockville</b> Brockville Golf and Country Club, 1548 Hwy #2 (King Street West)
September 24	<b>Brantford</b> Best Western Brant Park Inn and Conference Centre, 19 Holiday Drive
October 15	<b>Cornwall</b> Best Western Parkway Inn and Conference Centre, 1515 Vincent Massey Drive
November 6	<b>Toronto</b> Metro Hall, 55 John Street
November 11	<b>Toronto east</b> Wyndham Garden Toronto, 185 Yorkland Blvd.
November 20	<b>Toronto west</b> Noel Ryan Auditorium, 301 Burhamthorpe Road West
November 27	<b>Toronto north</b> Days Hotel and Conference Centre, 1677 Wilson Avenue
December 3	<b>Kitchener</b> Delta Kitchener-Waterloo, 105 King Street East

For meeting locations and to register, contact OMERS Client Services or visit OMERS website under Members/Information sessions. Register early...the sessions fill up quickly.



## Moving? Tell your employer

When OMERS sends mail to you, we use the address provided by your employer. We count on your employer to have your current address. Please advise your employer of any changes.

## 2008 Spring Annual Regional Meeting Downtown Toronto

NEW! Listen to our live audio webcast May 23 at 10 a.m. at [www.omers.com](http://www.omers.com)

Questions? Call 416-350-6708 or 1-866-725-6494.



**Phone**  
416-369-2444  
1-800-387-0813



**Fax**  
416-369-9704  
1-877-369-9704



**Mail**  
One University Ave.  
Suite 800  
Toronto ON M5J 2P1



**E-mail**  
[client@omers.com](mailto:client@omers.com)  
(en français ou anglais)



**Web**  
[www.omers.com](http://www.omers.com)

Disponible en français ISSN 1913-7400 (Print) ISSN 1913-7419 (Online) Publications Mail Agreement No.: 40010368

If there is any discrepancy between the information in this newsletter and the Ontario Municipal Employees

Retirement System Act, 2006 ("OMERS Act, 2006") and the plan text, the OMERS Act, 2006 and plan text will govern.